

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7823

BILL NUMBER: SB 481

DATE PREPARED: Jan 12, 1999

BILL AMENDED:

SUBJECT: Charter schools.

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**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions: It allows a sponsor to issue a charter to an organizer to establish a charter school. It defines a "sponsor" as the governing body of a school corporation, the board of trustees of an institution of higher learning with an accredited school of education, or a designated employee of the board of trustees of an institution of higher learning with an accredited school of education. It sets forth the organization, powers, method of establishment, charter contents, policies, oversight, and restrictions for charter schools. It provides that a decision concerning the establishment of a charter school may not be restrained by a collective bargaining agreement. It allows the employees of a charter school to organize and collectively bargain. It requires at least 75% of the teachers in a charter school to hold a license to teach in a public school. It requires a nonlicensed individual hired to teach in a charter school to possess certain qualifications. It provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to a teacher continue to apply to that teacher. It allows the conversion of an existing public school to a charter school if at least 50% of the teachers and 50% of the parents approve of the conversion. It makes conforming amendments to related sections.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill makes the following provisions for organizing and funding charter schools.

Establishing a Charter School: The sponsor of a charter school can be either a governing body, the board of trustees of a higher institution with an accredited school of education, or a designee of the board of trustees of a higher institution with an accredited school of education. An organizer is a group or entity that enters into a contract to operate a charter school.

In order for the sponsor to grant a charter to an organizer, the organizer must submit to the sponsor a proposal

to establish a charter school and include in the proposal plans concerning including by not limited to method of instruction, curriculum, transportation and budget. The sponsor would then notify the school corporation in which the proposed charter is located and hold a public hearing concerning the proposed charter school.

The sponsor of the charter school must notify the Department of Education of the receipt of a proposal and either acceptance or rejection of a proposal. The Department would then compile this information into a report that would be submitted to the General Assembly.

Fiscal Matters: Students who attend charter schools would be counted the same as students of the school corporation who do not attend a charter school. Consequently, the establishment of a charter school and attendance by students in a charter school will not reduce a school corporation's average daily membership (ADM). **Consequently, passage of this bill will not change the overall amount of funding generated by the current school funding formula.**

The amount that each charter school would receive would depend on the number of students who are enrolled, the amount that the school corporation receives per ADM and whether any students have disabilities that would allow the school to qualify for additional categorical funds. Charter schools would be eligible for state funding for any purpose depending on the types of programs that are offered. The following table shows the average revenue per ADM that school corporations reported receiving from state and local funding sources in 1998. The bottom row shows the average amount that school corporations received on a per ADM basis from the combined sources.

	<u>minimum</u>	<u>average</u>	<u>maximum</u>
State Support	\$0	\$2,587	\$6,492
Levy Support	\$422	\$1,427	\$6,017
Auto Excise Tax	\$54	\$183	\$389
Financial Institutions Tax	\$0	\$9	\$96
Special Education	\$118	\$271	\$510
Vocational Education	\$0	\$65	\$160
At Risk	\$0	\$32	\$198
Growing Enrollment	\$0	\$4	\$140
Academic Honors	\$0	\$8	\$35
Transportation	\$0	\$53	\$186
Average Combined Amount per ADM	\$4,101	\$4,586	\$7,779

Oversight and Revocation: Organizers which have established a charter school are required to submit an annual report to the Department of Education each year for informational and research purposes.

Explanation of State Revenues:

Explanation of Local Expenditures: If charter schools are established and a significant shift in students to charter schools occurs, the school corporation may need to reduce staff and operations in the noncharter schools to adjust to the fewer students it needs to serve in the noncharter schools.

Explanation of Local Revenues: Passage of this bill would not affect property tax levies or rates because

the students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

State Agencies Affected: Department of Education, Professional Standards Board

Local Agencies Affected: School corporations

Information Sources: Department of Education Data Bases